

## Message Text

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ACTION EUR-12

INFO OCT-01 NEA-09 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 /091 W

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R 191411Z FEB 75

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 4847

INFO AMEMBASSY ALGIERS

AMEMBASSY BONN

AMEMBASSY BERN

AMEMBASSY PARIS

AMEMBASSY ROME

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EO 11652: 11652: N/A

TAGS: ENRG, EINV, AG, GW, FR, BE, SZ, AU

SUBJ: ALGERIAN GAS - EUROPEAN BUYERS' CONSORTIUM TO MEET

TO REVIEW POSITION

RE SONATRACH

REF: VIENNA A-370, 7/30/74

SUMMARY

EUROPEAN CONSORTIUM TO SEEK BASIS FOR RENEGOTIATION OF TERMS

FOR LNG FROM ALGERIA. END SUMMARY

1. ACCORDING TO AUSTRIAN FERN GAS OFFICIALS, MEMBERS OF EUROPEAN BUYERS' CONSORTIUM SAGAPE, REPRESENTING 7 COMPANIES IN 5 EUROPEAN COUNTRIES, WILL MEET IN STUTTGART THIS WEEK TO TRY TO ESTABLISH UNIFORM ATTITUDE FOR FORTHCOMING RESUMPTION OF NEGOTIATIONS WITH ALGERIAN SONATRACH. (FERN GAS IS AUSTRIAN PARTICIPANT IN CONSORTIUM.)

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2. EUROPEAN CONSORTIUM IN NEGOTIATIONS WITH SONATRACH EXPECTED TO SEEK AMENDMENTS OF SUPPLY CONTRACT TERMS STIPULATING THAT BUYERS FINANCE ALGERIAN INSTALLATIONS REQUIRED FOR EXECUTION OF CONTRACT. AUSTRIANS AND PRESUMABLY OTHER MEMBER COUNTRIES NOT IN POSITION TO RAISE HUGE FUNDS REQUIRED FOR FINANCING PROJECTED ALGERIAN INSTALLATIONS. AUSTRIA'S SHARE WOULD RUN TO ABOUT AS 11 BILLION (US\$668 MILLION).

3. ACCORDING TO FERNAS SOURCES, NEW CONTRACT PROVISIONS SOUGHT BY CONSORTIUM ARE TO ENABLE EUROPEAN GAS BUYERS TO PROCURE ALGERIAN LNG FOB/ALGERIAN PORT OF EMBARKATION. SUCH ARRANGEMENT WOULD INVOLVE HIGHER PRICES FOR GAS BUT WOULD FREE BUYERS PARTLY OR ENTIRELY FROM FINANCING LNG FACILITIES IN ALGERIA. SAME SOURCES ALSO EXPRESSED HOPE THAT ALGERIANS MAY HAVE RECONSIDERED THEIR ORIGINAL ATTITUDE AND MIGHT BE READY TO OBTAIN NECESSARY FUNDING IN FORM OF CREDITS FROM ARABIC NEIGHBOR COUNTRIES.

4. PROVIDED AMENDMENTS CAN BE NEGOTIATED WITH SONATRACH, INDUSTRIES IN CONSORTIUM COUNTRIES INTERESTED IN SUPPLYING LNG EQUIPMENT WOULD NO LONGER ENJOY PREFERENTIAL TREATMENT BY ALGERIANS VIS-A-VIS SUPPLIERS OF LNG EQUIPMENT SITUATED IN THIRD COUNTRIES, SUCH AS U.S. HUMES

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LPG, IMPORTERS, CONSORTIUMS, NEGOTIATIONS  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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